

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM  
WASHINGTON

X-9747

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD



November 25, 1936

Dear Sir:

The Treasury Department has called to the attention of this office a number of vouchers submitted by Federal reserve banks, covering telegrams sent over branch lines, which have been returned to the Department by the General Accounting Office without approval and with the statement that there was no showing as to the method used in computing the cost per word used in arriving at the amounts shown on the vouchers.

In a discussion of this matter by a representative of the Board and the General Accounting Office the latter advised that it would meet the requirements of the office if vouchers covering branch line telegrams showed the number of words sent over the branch lines, the items making up the total cost of operating the branch lines and the cost per word derived by dividing the cost of operations by the number of words sent.

While the General Accounting Office now understands that the per-word cost of operating the main lines is determined in this office and has advised that no further question will be raised in connection with vouchers showing such cost, it is believed to be desirable that vouchers covering all reimbursable telegrams should be prepared by the

Federal reserve banks on a uniform basis. Accordingly, there is set forth below a sample of a suggested schedule covering telegrams sent over the main lines of the leased wire system, as well as a schedule covering branch line telegrams which the General Accounting Office stated would be satisfactory to it:

Main Lines

For transmission of official telegrams over the Federal Reserve Leased Wire System on account of the appropriation above named during the month of July, 1936, as per messages attached, based on actual cost of service as determined by the Board of Governors:

1,000 words at \$.014386444 . . . . . \$14.39

Branch Lines

For transmission of official telegrams over the (name of branch) branch line on account of the appropriation above named during the month of July, 1936, as per messages attached; based on an actual per-word cost as set forth below:

1,000 words at \$.012229929 . . . . . \$12.23

Number of words passing over branch  
line during July, 1936 . . . . . 37,629  
Total cost of branch line for July,  
consisting of personal services,  
supplies and cost of wire and  
machine rental . . . . . \$460.20  
Resulting in an actual per-word  
cost of . . . . . \$.012229929

When the branch line per-word cost is higher than the per-word cost of the main lines and the latter is used as a basis for billing branch line business, pursuant to the Board's letter of June 27, 1936, B-1160, the following should be inserted in the schedule between the statement of the number of words sent for the appropriation and the

statement showing the manner in which the actual per-word cost was determined:

"Telegrams covered by this item are billed at per-word cost of main lines as determined by the Board of Governors, which is lower than the actual cost as shown below:"

It was pointed out that some of the vouchers returned by the General Accounting Office stated that the expense was incurred during the month following that in which the telegrams were actually sent. It is possible that this resulted from the suggestion contained in the Board's letter of March 26, 1936, X-9534, that since the Federal reserve banks could not be advised by the Board as to the per-word cost of telegrams sent in one month until after the first of the succeeding month, the charges for telegrams sent during the month for the account of various government agencies should be included in the regular monthly voucher requesting reimbursement for expenses incurred during the succeeding month. It was not intended that telegrams should be listed as expenses incurred in any month other than that in which they were actually sent, and while they may be included as an item on a voucher covering other expenses incurred during a succeeding month, the item should show clearly that it covers an expense incurred in the month during which the telegrams were sent.

Very truly yours,



S. R. Carpenter,  
Assistant Secretary.

LETTER TO PRESIDENTS OF ALL F. R. BANKS